



**Snohomish County
Public Works**

Aaron Reardon
County Executive

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July 12, 2011

David W. Danner
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Parkway Drive S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

Re: TG-101220: Waste Management of Washington, Inc. d/b/a Waste Management – Northwest

Dear Executive Director Danner:

The purpose of this letter is to meet the certification requirements in RCW 81.77.185 for the extended recycling plan and revenue sharing agreement submitted in Docket TG-101220, Waste Management of Washington Inc., d/b/a/ Waste Management Northwest, hereafter referred to as Waste Management (WM).

Waste Management has submitted a three-month Extension of its 2010-2011 recycling and revenue sharing plan with a corresponding budget to the Washington Utilities and Transportation Commission (WUTC) in order to continue revenue-sharing activities for another quarter. The Extension covers the time period from September 1 to November 30, 2011. This Extension is necessary because the existing 2010-2011 recycling revenue sharing plan is the subject of administrative adjudication before the Commission (Dockets No. TG-110220 et al). Both the County and Waste Management do not wish to prepare and submit a new plan for the next twelve-month period unless we are certain that it will meet with the Commission's approval. During the term of this Extension it is anticipated that the WUTC will provide formal direction regarding permissible use of retained funds for the successful performance of revenue sharing activities by issuing a decision in the docket number identified above. At that time, WM and the County will consider the negotiation of a new program and agreement, in light of the Commission's directive. Thus, we both request the ability to continue our revenue sharing program in the manner described in the Extension submitted by Waste Management, which will hopefully provide sufficient time for a decision from the Commission to be issued and acted upon.

The County is writing to provide its certification that the Extension comports with the Solid Waste Management Plan and meets the County's goals of using retained revenue to increase recycling.

This letter is also intended to communicate support for Waste Management to continue operating under the published tariff rates for recycling commodity price adjustments, through the end of the Extension period on November 30, 2011. The County supports deferring any changes to the recycling commodity credit until the end of the Extension term, at which point it can be recalculated using the Commission's deferred accounting mechanism for the remainder of the twelve-month period through August 31, 2012.

We have had extensive discussions with WM about the project activities to be funded by revenue sharing during the Extension period, and have reviewed their budget. It is our understanding that the program costs identified in the budget for the extended recycling plan are not included in expenditures financed through customer rates.

We also think that recycling plan expenditures should not be "automatically" incorporated into future rate revisions. Some of the activities included in plans are experimental, or one-time or occasional activities. Others are meant to supplement, expand, or improve the base service and promotion of programs (included in the rate) and to provide more opportunity for coordination and local government influence on the company provided services. Automatically incorporating these expenditures into future rates would diminish some of the positive attributes of the revenue sharing approach and could result in unnecessary ongoing customer rate increases as new activities are incorporated into the rate while the company seeks additional activities for the recycling and revenue sharing plan.

We believe the plan fulfills statutory requirements and that the program costs are reasonable and justified by the resultant benefits to Snohomish County recycling programs. The WM budget associated with the Extension of the recycling and revenue sharing agreement retains a line item conferring a percentage of revenue to be retained by the company. We continue to think that it is acceptable for a plan to specify a rate of return that the company is allowed to retain for implementing the plan activities that are in addition to any activities that are covered through rates. As the activities in the plan require additional effort, staffing and costs by the company, we are concerned that if a rate of return is not allowed, companies will forgo use of the revenue sharing agreements and the intent to incentivize expanded efforts will be lost.

Certification

In my position as Solid Waste Division Director, I am the authorized representative to make the certification of this plan required in RCW 81.77.185. I hereby certify that the plan submitted to you by Waste Management is consistent with the Snohomish County Comprehensive Solid Waste Management Plan.

Thank you for providing us the opportunity to support continuation of WM's Recycling and Revenue Sharing Plan. If you have any questions, please contact Sejo Jackson, Principal Planner, at 425-388-6490 or sejo.jackson@snoco.org.

Sincerely,



Matt Zybas

Director

Snohomish County Solid Waste Division